Appendix D
Review Exercises & Discussion Questions

Case Study 2-1:

Q: In Bill's case, how might you document the allowance?

A: *If your school establishes a general allowance, you might include the allowance, and the rationale for its development, in your policies and procedures manual or keep it on file in some other fashion. If you base the allowance on individual cases and circumstances, document the allowance in each student's file.*

Case Study 2-2:

Q: Is Harry eligible for federal student aid? What steps are needed?

A: *Harry will need to determine his eligibility by completing the worksheet he received with his SAR. He will have to check with his state to make sure the conviction is cleared from his record. If it is cleared, he can correct question 28 on his SAR to 1 and he becomes eligible to receive federal aid. If it's not cleared, he can correct question 28 to 2. When one year has elapsed from date of conviction, he can receive aid.*

Case Study 2-3:

Case Study 2-3: Kelly Jamie Raphael
Scenario A

Dependent undergraduate

Academic year = 30 weeks, 900 clock hours

Program = 15 weeks, 350 clock hours

- Compare fractions based on weeks and hours:

  15/30 (=.50) 350/900 (=.39)
- Multiply the smaller fraction by the loan limit:

  $2,625 X .39 = $1023.75 (prorated max)

2-20

Case Study 2-3: Kelly Jamie Raphael
Scenarios B and C

Academic year = 30 weeks, 900 clock hours

Scenario B:

Program = 12 weeks, 400 clock hours

12/30 (=.40) 400/900 (=.44)

$2,625 X .40 = $1,050 (prorated max.)

Scenario C:

Program = 20 weeks, 600 clock hours

20/30 (=.67) 600/900 (=.67)

$2,625 X .67 = $1,758.75 (prorated max.)

2-21

Case Study 2-4:

Case Study 2-4: Greg Billcorn

Academic year = 30 weeks, 24 credit hours

Independent 2nd year undergrad enrolled: 6 credit hours

- Divide hours in remaining period by hours in academic year: 6/24= .25
- Multiply this fraction by the annual limit:
  - base: .25 x $3,500 = $875
  - additional: .25 X $4,000 = $1,000

2-23

Case Study 2-5:

Case Study 2-5 (Example A): Penny Jones

$6,500	COA	$ 2,175	Pell Grant
- 950	EFC	+ 4,752	Montgomery Bill Active Duty
- 2,175	Pell Grant	+ 2,625	Subsidized Stafford Loan
- 3,375	unmet need*	$9,552	total aid**

* For subsidized loans, when Montgomery GI Bill-Active Duty benefits are excluded

** Although this exceeds need and COA, it is not an overaward under statute

2-26

Penny Jones(Example B):

$9,500 COA	$2,175 Pell Grant
- 950 EFC	+4,752 Mont. GI Bill-A.D.
- 2,175 Pell Grant	+2,625 Sub. Stafford Loan
$6,375 Unmet Need*	$9,552 Subtotal of Aid**

* For subsidized loans, when Montgomery GI Bill-A.D.benefits are excluded

** Although this exceeds need and COA, it is not an overaward under statute

2-27

Penny Jones(Example B cont.):

$9,500 COA	$2,175 Pell Grant
- 950 EFC	+4,752 Mont. GI Bill-A.D.
- 2,175 Pell Grant	+2,625 Sub. Stafford Loan
- 4,752 Mont. GI Bill-A.D.	+ 500 FSEOG
$1,623 Campus-based elig.	+1,123 FWS
	$11,175 Total Aid**

** Although this exceeds need and COA, it is not an overaward under statute.

2-28

Case Study 3-1 Review Exercise

Check all the boxes of the data elements that are relevant to this particular case study.

- ☐ Amount of state grant(s) disbursed
- ☑ Date student began the process of withdrawing from school
- ☐ Date student skipped her first class
- ☐ Amount of institutional grant(s) awarded
- ☑ Amount of Pell Grant awarded
- ☑ Date fall semester began
- ☐ Date fall break began
- ☐ Date student began thinking about withdrawing
- ☐ Amount of library fines the student incurred
- ☑ Amount of tuition and fees charged for the period
- ☐ Amount of housing allowance for a student living at home
- ☑ Amount of voucher for books purchased in campus bookstore
- ☐ Number of credit hours the student's parent wanted her to take
- ☑ Amount of Pell Grant disbursed
- ☐ Amount of Perkins loan award for which student is eligible
- ☐ Student's year in college
- ☑ Date semester ended
- ☐ Date student submitted the signed withdrawal form

Case Study 3-2 Discussion Questions

1Q: What would have been the percentage Title IV aid earned if Penny had withdrawn from college after completing 65% of the semester?

A: *100%. Remember, if the percentage of Title IV aid completed exceeds 60%, Item C—the percentage of Title IV aid earned—is always 100%*

2Q: How would Penny's FSEOG grant have been treated in the calculation if Penny's school uses either the individual recipient or aggregate method for matching FSEOG funds?

A: *If either of these methods is used by the school for matching SEOG funds, then only the federal share of the grant would be used in the calculation ($750.00 X .75 = $562.50).*

3Q: What is required of the school once it determines that Penny owes a grant overpayment? How might Penny satisfy her obligation to repay these funds and still retain her Title IV eligibility?

A: *In order to recover the overpayment, the school must send Penny a notice within 30 days of its determination that she withdrew.*

To satisfy her obligation and still retain her Title IV eligibility—within the earlier of 45 days from the date the school sent the notice or 45 days from the date the school was required to send the notice—Penny can repay the overpayment in full to the school, enter into a repayment agreement with the school, or sign a repayment agreement with the Secretary.

If the school enters into a repayment arrangement with Penny, it must provide her with the terms of the agreement, which must ensure that the overpayment is paid in full within two years of the date the school determined Penny withdrew. Also, if Penny doesn't repay the funds in full or doesn't enter into a repayment agreement with the school within the specified 45 day period, or if she fails to meet the terms of the repayment agreement she made with the school, the school must refer the grant overpayment to the Secretary.

Case Study 3-2 Review Exercise

Please read each of the following statements. Indicate in the spaces next to each whether the statement is "True" or "False."

T 1. A school may establish a policy for the refund of institutional charges independently of the requirements for the return of Title IV funds.

T 2. A school may establish its own withdrawal policy/process independently of the requirements for the return of Title IV funds.

F 3. For students who receive Title IV aid, the withdrawal policy/process a school establishes internally takes precedence over the federal requirements for the return of Title IV funds.

F 4. The school is not required to publish and make available to students its internal policies regarding refunds and withdrawals.

F 5. The withdrawal date used in the return of Title IV funds calculations must be consistent with the withdrawal date documented by the school's registrar and used internally.

T 6. Generally, state and institutional aid is not considered in the return of Title IV funds calculation.

T 7. A student's withdrawal date and the date the school determined the student withdrew are not necessarily one in the same.

T 8. A school that is required to take attendance must determine a student's withdrawal date from the attendance records.

F 9. A school that is not required to take attendance may determine the student's withdrawal date from the student's attendance at an academically-related event, only if the student did not begin the school's withdrawal process or otherwise notify the school of his/her intent to withdraw.

F 10. Because clock-hour schools use clock hours completed and/or scheduled in the return of Title IV calculation, these schools are not required to document the student's withdrawal date.

F 11. If a student withdraws without providing notification, the date of the school's determination is same as the student's withdrawal date.

T 12. The date the school becomes aware that the student withdrew is the "trigger" date for various notifications the school must provide.

T 13. If the school is responsible for returning Title IV funds, the deadline for returning the funds is 30 days after the school's determination that the student withdrew.

F 14. If the student is due a post-withdrawal disbursement and has remaining Title IV loan funds available after charges have been credited to the student's account, the school must make the offer for the disbursement within 90 days of its determination that the student withdrew.

F 15. Schools are not required to determine if their students who receive Title IV aid withdrew without notification.

Case Study 3-3 Discussion Questions

1Q: Under what scenario would institutional and/or state awards be used in calculating the return of Title IV funds?

A: *Institutional awards are never included in the calculation. However, when a state grant is identified as a LEAP grant, it must be included.*

2Q: Since Harry did not provide notification that he was withdrawing from his clock hour program, how is the withdrawal date determined? And, since the number of clock hours completed is going to be used in the calculation, why do we need Harry's withdrawal date?

A: *Harry's withdrawal date is taken from attendance records, since his school requires that attendance be taken. And, we need to know Harry's withdrawal date so that we can determine how many clock hours were scheduled to be completed as well as how many clock hours were completed as of the date he withdrew, as both are items of information needed to perform the calculation.*

3Q: What constitutes "official notification?"

A: *Official notification is the notice that the student provides to the school that he or she is withdrawing. This can be done by following the school's prescribed policy or by providing the office(s) designated by the school the notice in writing or orally (in person, over the telephone by an individual acting on behalf of the student, or via alternative means specified by the school, such as a web site).*

Case Study 3-4 Discussion Questions

1Q: If Micki had been required to purchase her books and supplies from SVPI, would the amount of institutional charges change?

A: *Yes. The total for institutional charges would have increased by the amount Micki was charged for books.*

2Q: If, rather than having her mother call your office on April 4, Micki had waited to complete the school's withdrawal process until she was able to come to campus herself on April 21, what would have been both her withdrawal date and the date of the institution's determination that she had withdrawn? And, how would the outcome of the calculation have changed?

A: *Micki's withdrawal date remains the same—April 3 (the last date of her attendance taken from attendance records).*

Unless the office designated to receive notifications of withdrawal had some indication that Micki had stopped attending, the date of the institution's determination that the student withdrew would be April 21, the day Micki comes to campus to begin the school's withdrawal process.

The outcome of the calculation remains the same, since the clock hours she completed as of April 3 remain 280.

3Q: Let's assume that none of Micki's aid (the same $3,023.61 consisting of a FFEL loan and Pell and FSEOG grants) had been disbursed prior to her withdrawal and that she was due a post-withdrawal disbursement of $1,800.00. In what order should the funds be disbursed?

A: *If a student is due a post-withdrawal disbursement, grants should be disbursed before loans. With this in mind, the school should make the post-withdrawal disbursement from funds that are most beneficial to the student.*

Case Study 3-5 Discussion Questions

1Q: What happens to the $1,940.00 unsubsidized loan that had not been disbursed prior to O.P.'s withdrawal?

A: *The school will have to cancel the loan.*

2Q: When does the school have to return the funds?

A: *Although the school should return the funds as soon as possible, it has up to 30 days from the date it determined that the student withdrew, October 22.*

3Q: Would the calculation change in any way if O.P. had been a second-year rather than a first-year student?

A: *No. For all students receiving Title IV aid, the same pro rata calculation is used to determine how much SFA Program funds have been earned at the time of withdrawal.*

Case Study 3-6 Discussion Questions

1Q: The amount of Pell Grant the school is responsible for returning is $973.59. Can the school round the amount? If so, to what?

A: *Yes. The school could choose to round the amount. If so, the amount of Pell Grant returned would be $974, since monetary amounts are rounded to the nearest dollar.*

2Q: If BSU's accrediting agency required that attendance be taken only during the first two weeks of the term, would this change how the withdrawal date is determined?

A: *Yes. The regulations do not pertain to schools that are required to take attendance for only a brief portion of the period. But, if an outside agency requires attendance to be taken for a group of students (such as those receiving benefits from another government agency), this last date of attendance for this group would be determined by attendance records (and the mid-point determination would not apply).*

3Q: Why wasn't the $200 in FWS wages that had been credited to Bill's student account included in the calculation?

A: *FWS wages are never included in calculating the return of Title IV funds.*

Case Study 3-7 Discussion Questions

1Q: Why is Kelly due a disbursement after withdrawing?

A: *Prior to withdrawal, she was eligible to receive all of her Title IV aid, and would have done so if not for the problems with the software. After withdrawing, she is eligible to receive only an amount equal to the percentage of Title IV funds that she has earned.*

2Q: What is required of the school in making post-withdrawal disbursements?

A: *If the post-withdrawal disbursement is sufficient to cover both current AND minor prior award year charges, it can be used for both. If loan funds are used, Kelly must be notified within 30 days to provide her an opportunity to cancel all or part of the loan within 14 days.*

Any remaining portion of the late disbursement must be offered directly to Kelly via written notification that includes:

- *Identification of the type and amount of Title IV funds that make up this portion of the post-withdrawal disbursement;*
- *Explanation of the student's ability to accept or decline some or all of the post-withdrawal disbursement;*
- *Advisement that no post-withdrawal disbursement will be made if Kelly doesn't respond within 14 days of the date the school sends out the notification.*

If Kelly submits a timely acceptance of the post-withdrawal disbursement, the school must disburse the funds in the manner Kelly specified—within 90 days of the school's determination of Kelly's withdrawal.

On the other hand, if the school receives her response after the 14 day response time and the school chooses not to make the requested disbursement, the school must advise Kelly, either electronically or in writing, of the outcome of the post-withdrawal disbursement request.

3Q: Would calculating the percentage earned change if Kelly had attended a "semester" school rather than a "quarter" school?

A: *No. How the calculation is performed doesn't change, although the number of calendar days in the period most likely would, changing the amount of her post-withdrawal disbursement.*

Case Study 3-8 Discussion Questions

1Q: Why is March 16 (rather than April 3, the date the Residential Director contacted you) used as the withdrawal date?

A: *Although Posie "did not begin the withdrawal process prescribed by the school," on March 16, she did "otherwise provide official notification to the school of the intent to withdraw" by requesting that her Residential Director inform you that she was withdrawing.*

2Q: Let's assume that the Financial Aid Office was open during spring break (March 9 through March 15) and that Posie called your office on March 13 to advise that she was withdrawing. That being the case, what would her withdrawal date be?

A: *The withdrawal date would be March 8, the last date of scheduled classes before the break, since none of the days making up the scheduled break of five or more consecutive days are counted.*

3Q: Would the outcome of the calculation change if Posie had remained in the dorm but not continued attending classes?

A: *Posie's continuing to live in the dorm would not change the outcome of the calculation. The withdrawal date remains the date that she informed the Residential Director of her intent to withdraw.*

Case Study 3-9 Discussion Questions

1Q: What would the withdrawal date have been if taking attendance were not required at ECS and you had not discovered Joseanne's withdrawal until the last week of the fall semester?

A: *Because Joseanne did not begin the withdrawal process or otherwise notify the school of her intent to withdraw, the withdrawal date would have been "the midpoint of the payment period for which Program Assistance was disbursed."*

In this case, her professors documented from attendance records that she stopped attending on October 1, before the midpoint of the period. Therefore, attendance at an academically-related event later than the mid-point of the period wouldn't apply.

2Q: How do Joseanne's parents take care of returning the PLUS loan funds of $469.38? When all is said and done, how much of the original net disbursement of $5,335.00 will they still owe?

A: *They simply repay the funds in accordance with the terms of the promissory note. And, they still owe $2,009.50 ($5,335.00 - $3325.50 = $2,009.50), plus loan origination fees.*

3Q: What is the distinction between "withdrawal date" and "date of the institution's determination that the student withdrew" in the return of Title IV funds?

A: *Withdrawal date impacts the number of days the student completed and, in turn, the percentage of aid earned as well as the percentage of aid unearned.*

The date of the institution's determination that the student withdrew starts the clock with regard to the various time-sensitive requirements to which the institution and student must adhere.

Remember that these dates are not necessarily one in the same.

Case Study 3-10 Discussion Questions

1Q: Had Ronnie's loan been disbursed at the time of withdrawal, would he have had to repay (return) the loan immediately?

A: *No. Immediate repayment of the loan is not required because it is expected the loan will be repaid according to the terms and conditions of the promissory note the student signed.*

2Q: What happens if Ronnie is unable to repay the portion of the Pell Grant that must be returned?

A: *Ronnie remains eligible for Title IV aid for up to 45 days from the earlier of the date the school mails him a notification of his obligation or the date the school is required to send him that notification, which provides the various options he has to retain his eligibility for Title IV aid. These options include:*

- *Paying the full amount of the overpayment;*
- *Entering into satisfactory arrangements with the school to repay that amount within two (2) years; and*
- *Signing a repayment agreement with the Department.*

But, if Ronnie doesn't take action within 45 days or if he fails to meet the terms of his repayment agreement, he loses his eligibility for Title IV assistance, and the school must report the overpayment through NSLDS within (30) days and must refer the overpayment to the Department.

3Q: What would the withdrawal date have been if Ronnie had changed his mind and rescinded his notice of withdrawal, and finally decided definitely to withdraw on March 27?

A: *The withdrawal date used for the calculation of return of Title IV funds would have been the earlier date, March 20. Remember that if the institution allows the student to rescind the official notification of intent to withdraw, and the student subsequently ceases attendance, the rescission is negated and the withdrawal date is the student's original withdrawal date.*

Case Study 4-1:

Q: We've noted that how multi-year lending is going to be handled needs to be considered in developing HCC's processes. But, there are many other issues to consider. In an effort to keep the student borrower informed, the Department requires the use of a specific process. What is it and who must be involved in the process?

A: *HCC must incorporate into its processes a confirmation process which currently may be active or passive.*

<u>Active Confirmation</u> –The student is advised of the amount(s) and type(s) of loans being offered and the student must confirm with the school that the loan(s) is being accepted (as offered or with requested changes).

<u>Passive Confirmation</u> — The student is advised of the amount(s) and type(s) of loans being offered. No action is required of the student if he or she wants to accept the loan(s) as is.

Case Study 4-2:

1Q: Is MECC eligible to use the multi-year feature of the MPN? As a student loan borrower, what does this mean to Kelly?

A: *No. MECC, a two-year community college, is not eligible to use the multi-year function this year. Generally, only four-year and graduate/professional schools not subject to emergency or LS & T action are authorized to use the multi-year feature, although the Department of Education may specifically include or exclude any school from using this feature of the MPN.*

Kelly wants to take out a student loan for each period of enrollment she attends MECC. As a result, she must apply and complete a new MPN for each period of enrollment for which she would like to receive loans.

2Q: If Kelly decides to move on to a four-year school after completing her AA degree and her new school uses the same lender she had at MECC, can she use the last MPN she borrowed against while attending MECC?

A: *If the four-year school is authorized for multi-year use, Kelly would not have to sign a new MPN, assuming that Kelly has not submitted a request to the lender prohibiting multi-year use of the MPN.*

Case Study 4-3:

1Q: If Joseanne had stayed put at PMU, and if she needed to borrow at some point in the future, would she have been able to use the original MPN she signed?

A: *Yes, unless the MPN has expired.*

2Q: When does the multi-year feature of the MPN expire?

A: *The multi-year feature expires upon the earliest of:*

- *The date the Secretary or the school receives the borrower's written notice that no further loans may be disbursed;*
- *One year after the date of the borrower's first anticipated disbursement if no disbursement is made during that twelve-month period; or*
- *Ten years after the date of the first anticipated disbursement except that a remaining portion of a loan may be disbursed after this date.*

3Q: Because Joseanne transferred to ECS from PMU before the MPN she signed at PMU expired, does she have to sign a new MPN to borrow at ECS?

A: *Yes. Joseanne does have to sign a new MPN to borrow at ECS. With any change of lender (other than the result of a merger or acquisition), a student borrower must complete a new MPN. Switching loan programs (FFEL to Direct Loans or vice versa) constitutes a change of lender.*

Case Study 4-4:

1Q: Can Renaldo borrow at NYCSL based on the MPN he signed at his undergraduate school?

A: *Maybe. We don't have enough information to know for certain.*
First of all, we don't know if NYCSL, like Renaldo's undergraduate school, is a Direct Loan school. If it isn't, this would be a change of lender for Renaldo and he would need to sign a new MPN.

Next, assuming NYCSL is a Direct Loan school, we don't know if the multi-year feature of the MPN is used at NYCSL, although all graduate/professional schools not subject to an emergency or LS & T action are authorized (but not required) to do so. If it isn't, a new MPN must be signed. If it is, we would need to be sure that the original MPN signed at Renaldo's undergraduate school has not expired.

2Q: Let's assume that NYCSL is a Direct Loan school and does use the multi-year feature of the MPN. Renaldo heard a rumor that only students who attend night school are required to sign a new MPN each academic year; students who attend during the day do not. Can NYCSL have such a policy?

A: *Yes. Schools have the option to request that some or all of their students sign a new MPN each academic year.*

Case Study 4-5:

1Q: Will O.P.'s father need to sign a note for each of the two PLUS loans he anticipates having to take out?

A: *Yes. At this time, the MPN concept has not been adopted for use in the Federal PLUS Program.*

2Q: Are the regulations concerning the MPN the same for clock-hour and credit-hour schools? For term-based and non-term based programs?

A: *All of the same regulations apply. However, if you'll recall what we've discussed today, schools have the ability to set up processes that work best for their individual circumstances and/or student populations.*

3Q: Will O.P. have to sign another MPN for year two?

A: *Yes, O.P. must sign a new MPN in year two. FNSN, is a two-year school that has not been authorized to use the multi-year feature of the note.*

Remember, prior to her first disbursement in year one, O.P. would need to complete loan entrance counseling, just as she would have prior to the implementation of the MPN.

4Q: O.P.'s best friend, Graham, transferred from another nursing school that participated in the FFEL Program so that they could attend together. Graham signed an MPN at his previous school, which used the multi-year feature, and he is going to keep the same lender at FNSN. Will he have to sign a new MPN?

A: *Yes. FNSN isn't authorized to use the multi-year function.*

5Q: Let's say, for the sake of argument, that FNSN is authorized to use the multi-year feature of the MPN. In that case, would Graham have to sign a new MPN at FNSN?

A: *Maybe. Whether or not he has to sign a new MPN depends upon the school. It could be that, at FNSN, (all or some) transfer students are required to sign a new MPN.*

Case Study 4-6:

1Q: Is BWU out of compliance by having different policies in the use of the MPN for new and returning students?

A: *No. BWU is not out of compliance regarding use of the multi-year feature of the MPN. Schools are allowed to develop and implement different policies and processes regarding use of the MPN for different groups of students.*

2Q: Because BWU doesn't use the multi-year feature of the MPN for returning students, must Posie sign an additional MPN when she requests the additional $1,000 loan at mid year?

A: *No. Although this returning student belongs to a group that is required to sign a new MPN each period of enrollment, she would not sign another MPN during the same period of enrollment if she becomes eligible for an increased loan amount due to a change in grade level. She would receive revised disclosure information from her lender or guarantor, following the school's processing of the additional loan amount.*